



How Many Homes Does it Take to Fund a City Service?

Posted by [Pierluigi Oliverio](#) on Monday, January 24, 2011

It is pretty common to hear from residents, when discussing our City budget: "But i pay my property taxes." As I have covered before on a prior blog post, your property tax bill does not flow 100 percent to the City. Much of it is taken by the school districts, County, community colleges and special districts. (This does not include various parcel taxes, school bonds, hospital bonds, that are collected via your property tax bill.) Even with all these other government entities taking nearly 90 percent of your property tax, this remaining portion is the number-one source of revenue, by a large measure, for the City of San Jose.

So I got to thinking: How many houses does it take to pay for a city service?

The average single-family home in San Jose (excluding the Redevelopment Areas, such as downtown condos) has a 2010-2011 assessed value of about \$356,000. This combines newly assessed properties as well as grandfathered pre-Prop 13 homes. Of the 1 percent secured property tax levied on those homes, the City receives approximately 12 percent of the tax revenue. That works out to around \$427 per home.

Using an average annual cost per full time firefighter of \$185,000, it takes 433 homes to support one firefighter. However we do not staff a one-engine fire station with one firefighter in San Jose 24/7, 365 days a year. We staff it with 14 fire fighters to cover all of the shifts, vacation, sick time, etc...throughout the year. Therefore it takes 6,062 houses to cover just the staffing of a one engine fire station—and that does not include the cost of the fire engine. 6,062 houses is almost an entire Zip Code that is needed to pay for one fire station with no money to fund asphalt for roads, electricity for street lights, police, libraries, etc.

According to the County Assessor's office, there are 207,220 single family homes (including owner-occupied housing such as townhouses and condo flats) in San Jose (again excluding the Redevelopment Areas: Downtown, North San Jose & Edenvale). All those homes should generate enough property tax revenue to support 478 firefighters. However the City currently has 660 fire fighters, so all of the property tax generated from all of the City's single family homes is only sufficient to support 72 percent of the City's firefighters. Of course, this analysis ignores the property tax we receive from all of the other types of secured property in the City like commercial property. Around 85% of the City's assessed value (excluding RDA areas) is from residential.

What exacerbates this is approving housing projects that do not pay property tax and suburban sprawl (both of which I have historically voted against). The higher the density of infill market-rate housing (not affordable housing) the more property taxes generated in a smaller geographic area to pay for city services without expanding city streets, sewers and call for service areas.

How about if we combine all property tax and sales tax? In 2008-2009 all property tax (residential & commercial) and all sales tax covered 82 percent of the fire department and police department budget only. In our 2010-2011 budget year these same revenue sources only paid for 72 percent even though we have less personnel.

Other choices could be used in this analysis, such as the golf courses or the Hayes Mansion, which are two items I think the City should exit. Both divert money from core services every year.

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